

ERIE, COLORADO

2007 ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007



Financial Report Message

This first-ever report to the community highlights accomplishments in 2007 that were key to maintaining a quality town that is not only a great place to live, work and play but also financially viable for the short and long term.

AMENITIES The opening of the Erie Community Center (ECC) capped an exciting year of progress in Erie. For health and convenience, the Board approved a “spine” trails system to connect outlying neighborhoods into our growing network of trails. The Town received \$175,000 in grants from the Division of Wildlife and Great Outdoors Colorado to offset costs of the Thomas Reservoir Enhancement Project featuring a new loop trail and ADA accessible fishing pier.

FINANCIAL STEWARDSHIP The Town received \$4.8 million in investment earnings during 2007. This 26% increase over 2006 earnings is due to the full implementation of the Town’s investment strategy as well as maintaining our

cash reserves available for investment. A portion of the 1998 water revenue bonds were refinanced resulting in a savings of \$319,556 of future interest costs. The Town continues to maintain the ratings of A1 from Moody’s Investor Services and A+ from Standard & Poor’s, which were initially assigned to the General Obligation Bonds issued in 2006.

ECONOMIC DEVELOPMENT Economic activity showed measurable strides with new commercial/retail buildings underway along the south end of Briggs and on Highway 7 adjacent to Vista Ridge. Numerous strategic commercial land parcels were purchased by developers who are in a position to bring key retail to Erie. Also, the Board annexed the Denver Regional Landfill transferring estimated annual revenues of \$600,000 from Weld County to Erie.

INFRASTRUCTURE Water revenue bonds were issued to finance the construction of an eight-

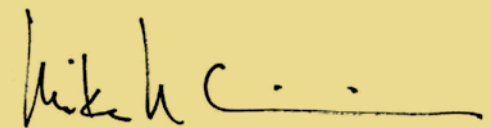
mile raw water pipeline ensuring efficient delivery of water from Boulder Canal to Erie’s Prince Reservoir.

Going forward, our challenges include financing a new water reclamation facility and securing raw water rights for Erie’s future residents. Additionally, the Town is converting to new comprehensive financial software; the first phase is scheduled to go-live in summer 2008. These challenges have been anticipated and the Town is financially poised to handle them.

Sincerely,



Molly Kostecky, Finance Director



Mike N. Acimovic, Town Administrator



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Community Profile

QUALITY COMMUNITY

"Erie is a community which recognizes the importance of conserving and enhancing its historic small town character, the roots from which it grew, preserving the natural environment in which it resides; a caring community which offers its residents an environment in which to seek a high quality of life; a balanced community with a diverse range of housing, employment, educational, shopping and recreational opportunities; and a vital community which provides financial and social support for quality of life programs."

- Town of Erie Comprehensive Plan

Quality of Life

Situated in the heart of Colorado's major population centers and in close proximity to world-class academic institutions, Erie is a full-service community providing state of the art infrastructure to our citizens.

Outdoor buffs, young professionals, growing families, and active seniors are drawn to our expansive mountain views, scenic trails, championship golf course and 340 days of sunshine per year. And with the opening of the Erie Community Center and Public Library, Erie's quality of life keeps getting even better.



ERIE QUICK FACTS

Services: Police, Water, Sewer, Street, Storm Drainage, Airport, Parks, Recreation, Open Space

Form of Government: Board of Trustees/Town Administrator

Governing Body: Mayor elected at large to a two-year term; 6 Trustees elected at large to a four-year term

Population - 2007: 16,642

Number of Households - 2007: 6,152

Median Age: 32.5

Median Household Income: \$77,114

Planning Area (square miles): 48

Incorporated (square miles): 14

Acres of Parks and Open Space: 332

2007 Operating Budget: \$120,595,100

Full Time Equivalent Employees: 139

2007 Town Operating Mill Levy: 7.288

2007 Town Total Mill Levy: 18.648

2007 Town Sales and Use Tax Rate: 3.50%

Incorporated: 1874



Community Profile

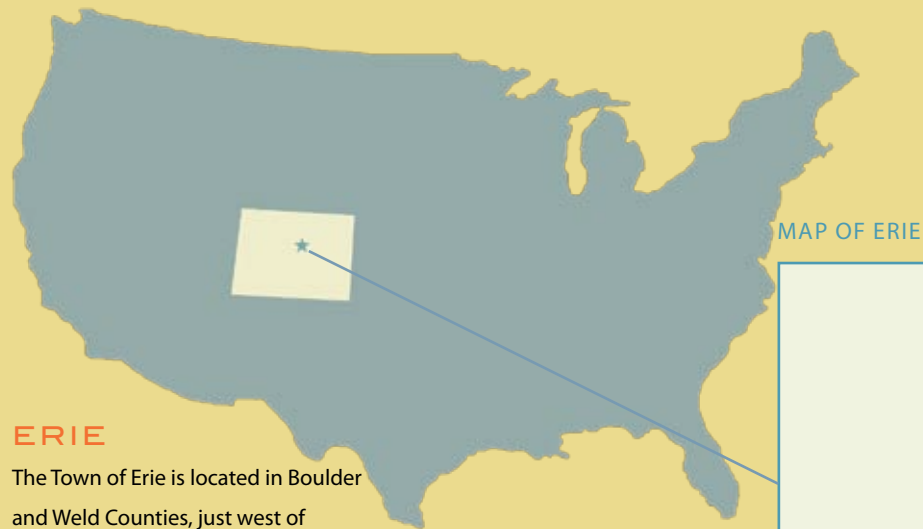
WHAT THEY'RE SAYING

"Erie, Colorado is attracting hordes of mountain-loving young professionals unruffled by a 25-minute commute to Denver."

- Sunset Magazine,
February 2006



Location



MAP OF ERIE

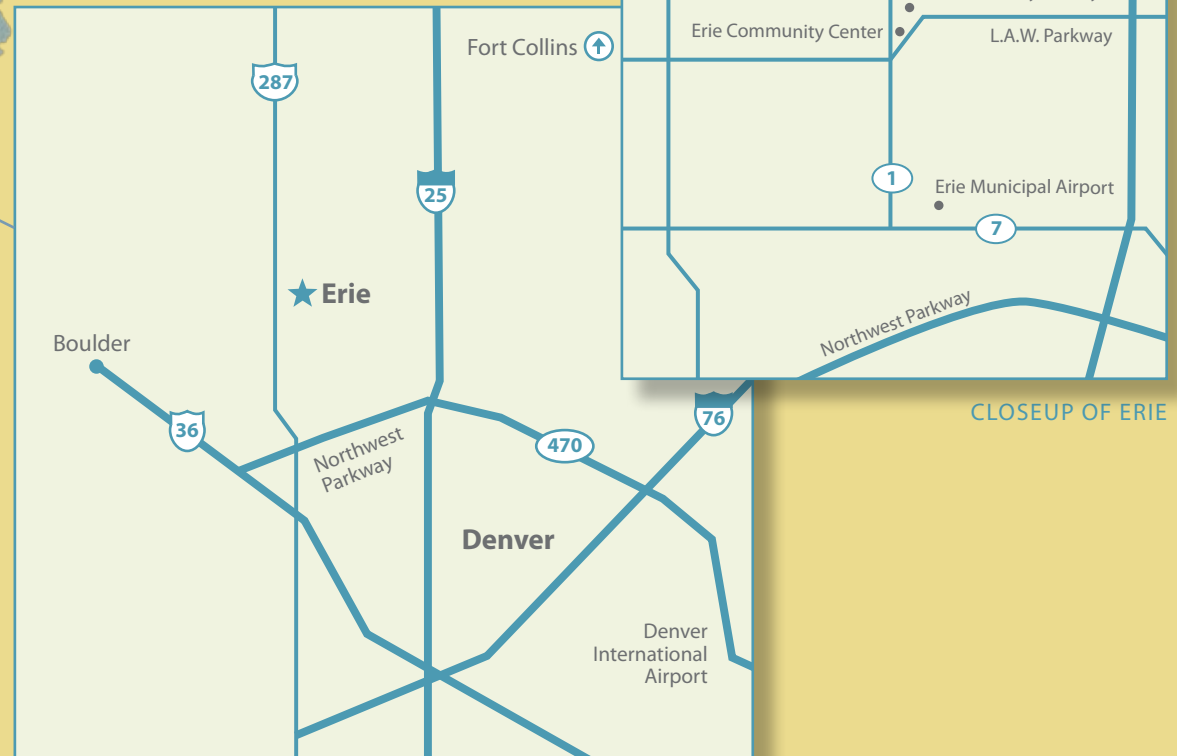
ERIE

The Town of Erie is located in Boulder and Weld Counties, just west of I-25 for easy access to I-70, Denver International Airport and Colorado's entire Front Range. Erie's Planning Area spans 48 square miles, extending from the north side of State Highway 52 south to State Highway 7, and between US 287 on the west and Interstate 25 to the east.

35 Minutes to DIA

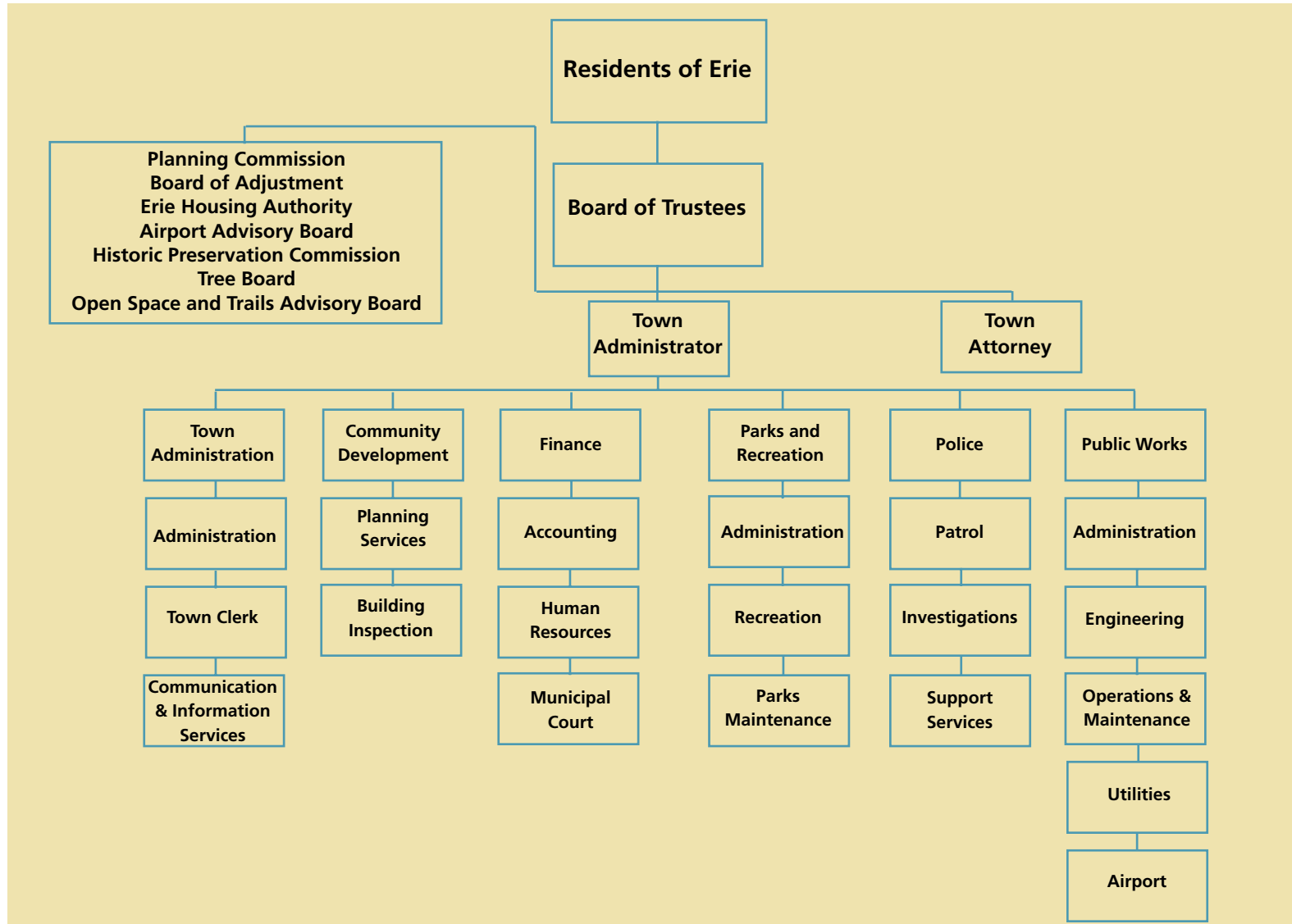
25 Minutes to Denver

20 Minutes to Boulder



CLOSEUP OF ERIE

Organizational Chart



Leadership



BOARD OF TRUSTEES

Photo from left to right: Trustee Cheryl Hauger, Trustee Harry Pink, Trustee Colin Towner, Trustee Paul Ogg, Mayor Andrew J. Moore, Trustee Tina Harris, Mayor Pro Tem Glenn Massarotti.

ADMINISTRATION

Mike N. Acimovic
Town Administrator

Mark Shapiro
Town Attorney

Nancy Parker
Town Clerk

Marty Ostholthoff
Community Development Director

Molly Kostelecky
Finance Director

Jill Wait
Parks and Recreation Director

John Hall
Chief of Police

Gary Behlen
Public Works Director

Board of Trustees Goals

THE BOARD OF TRUSTEES SERVES AS THE LEGISLATIVE AND GOVERNING BODY OF THE TOWN OF ERIE. IT IS RESPONSIBLE FOR ESTABLISHING TOWN POLICIES AND GOALS. THE GOALS GIVE DIRECTION TO TOWN STAFF FOR CONDUCTING THE BUSINESS OF THE TOWN.

1. Manage the direction and rate of growth to achieve quality, predictability and sustainability.
2. Continue to establish municipal land use boundaries of Erie to achieve community, stability and economic security.
3. Continue to enhance recreational and cultural amenities for all Erie citizens.
4. Fund and provide essential infrastructure that corresponds with the planned rate of growth.
5. Develop a strong sustainable economy through sales tax generating commercial development.
6. Manage Erie's financial operation in an open, responsible and ethical manner.
7. Develop and promote proactive fluid communication between government and the citizens of Erie.
8. Support educational opportunities for all of Erie's citizens.
9. Maintain a safe community in which to live, work, and play.
10. Manage resources to maximize utilization of people, energy, and capital.



WHAT THEY'RE SAYING

"Erie is on its way to being a highlight of physical fitness in Boulder County."

- Boulder Camera,
February 2007

Accomplishments

2007 WAS AN EXCITING YEAR IN TERMS OF ACCOMPLISHMENTS. THE ERIE COMMUNITY CENTER OPENED ITS DOORS; THE BUILDING DIVISION CONDUCTED 8,739 INSPECTIONS AND THE COMMUNICATION AND INFORMATION SERVICES DIVISION REDESIGNED THE TOWN'S WEBSITE. BELOW IS A SUMMARY OF MANY OF THE ACCOMPLISHMENTS COMPLETED DURING 2007.

BUILDING SERVICES

- Inspections (8,379)
- Permits Issued - All Types (912)
- Contractor Licenses Issued (487)
- Code Enforcement Cases (39)

BUSINESS ASSISTANCE & ECONOMIC DEVELOPMENT

- Economic Development Plan
- Economic Development Liaison
- Business Licenses Issued (331)
- Briggs Street Extension

COMMUNICATION

- Annual Report
- Redesigned Website
- Weekly E-News Updates (52)
- LIVE Televised Meetings (45)

- Erie Edition Newsletter (6)
- Board of Trustees Action Items (23)
- Media Releases / E-Mail Notices (65)

CUSTOMER SERVICE

- Customer Service Directory
- Credit Card Payment Option

OPEN SPACE AND TRAILS

- Natural Areas Inventory
- OSTAB Trail Construction - Phase I
- Spine Trails System

PARKS & RECREATION

- Erie Community Center
- Thomas Reservoir Enhancement Project
- Concerts in the Park Series
- Bark in the Park

- Bike to Work Day
- Tree Incentive Program
- Residential Irrigation Audits
- Arbor Day
- Meadow Sweet Park Irrigation System Expansion
- Columbine Mine Park
- Christmas Tree Recycling Program

POLICE

- Calls for Service (7,661)
- Community and Police Partnership
- Neighborhood Watch
- Citizen's Police Academy
- Cops, Coaching & Character
- National Night Out
- Neighborhood Police Officer Program
- Records Management System Upgrade

PUBLIC SAFETY

- Traffic Signal Installations
- Emergency Preparedness Checklist
- Mosquito Control
- Severe Weather Awareness Week
- Incident Management Systems Training

PUBLIC WORKS PROJECTS

- Water Conservation Plan
- Non-Potable Water Master Plan
- Water Reclamation Facility Optimization
- Raw Water Pipeline & Pump Station
- Transportation Master Plan
- Street Striping (61 Miles)
- Regional Detention Pond Construction
- Spring and Fall Clean-Up
- By-Pass Channel
- Coal Creek Water Line Project
- Flood Control Improvements

SENIOR SERVICES

- Senior Center
- Fraud Seminar for Seniors
- Community Care Coordinator



Finance



Water Treatment



Community Development

Balance Sheet

More formally referred to as the Statement of Net Assets, the Town's balance sheet reflects a strong and healthy financial condition as of December 31, 2007. The assets of the Town exceeded its liabilities at December 31, 2007, by \$238 million (net assets). While the total assets increased by \$44 million, the Town's liabilities also increased by \$16 million, which primarily reflects the increase in capital assets like construction of the ECC and the raw water pipeline, offset by an increase in long-term liabilities for the water revenue bonds issued in 2007.

Statement of Net Assets for the year ended December 31st (in thousands of dollars...'000s)

	2007	2006	2005	2004
Assets				
Current Assets	\$96,045	\$93,128	\$62,199	\$50,636
Other Assets	1,058	846	620	649
Capital Assets	250,192	209,437	182,224	123,211
Total Assets	347,295	303,411	245,043	174,496
Liabilities				
Current Liabilities	15,811	11,310	6,972	7,209
Non-current liabilities	93,386	81,741	66,134	36,411
Total Liabilities	109,197	93,051	73,106	43,620
Net Assets	\$238,098	\$210,360	\$171,937	\$130,876

This balance sheet is presented in much more detail in the Town's complete Comprehensive Annual Financial Report – this is a very high-level summary that captures the category sub-totals and compares them to prior years. This may serve as a useful overall indicator of the Town's financial position and the trend over the last four years.

Income Statement

More formally referred to as the Statement of Activities, the Town's income statement reflects all the financial activity for the Town during the fiscal year ended December 31, 2007. This statement presents information to show how the Town's net assets changed during the year as a result of the financial activity (i.e., revenues and expenses). This is a summarized version of the more detailed income statement found in the Town's complete Comprehensive Annual Financial Report.

Statement of Activities for the year ended December 31st (in thousands of dollars...'000s)

	2007	2006	2005	2004
Revenue	\$46,836	\$54,248	\$55,248	\$64,698
Expenses	(19,098)	(15,904)	(14,187)	(12,898)
Increase in net assets	27,738	38,344	41,061	51,800
Net assets, beginning of year, restated	210,360	172,016	130,876	79,076
Net assets, end of year	\$238,098	\$210,360	\$171,937	\$130,876

The income statement shows that our net assets have increased each year, for the last five years, between \$27 and \$51 million annually. This trend reflects a strong financial performance in areas that fund capital improvements, especially those funded by tap and impact fees.

WHAT THEY'RE SAYING

"Stewardship of the taxpayer's dollar, managing risk, and commitment to accountability and openness are the hallmarks of sound public financial management. The Town of Erie has made remarkable progress in all three areas."

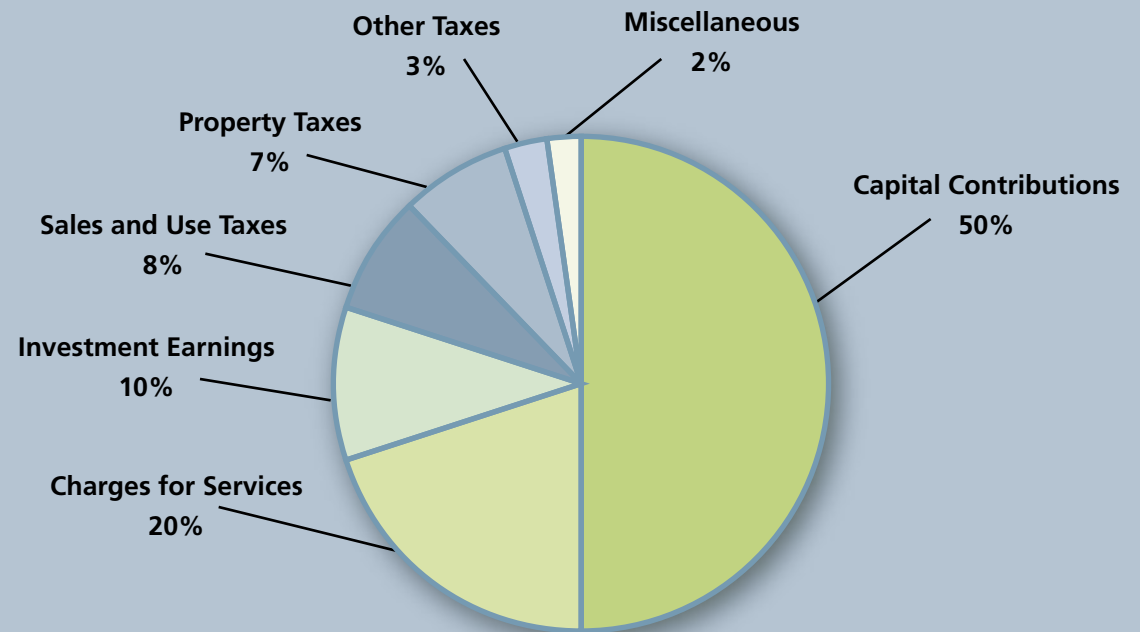
- Colorado State Treasurer
Mark Hillman,
February 2006

Revenues



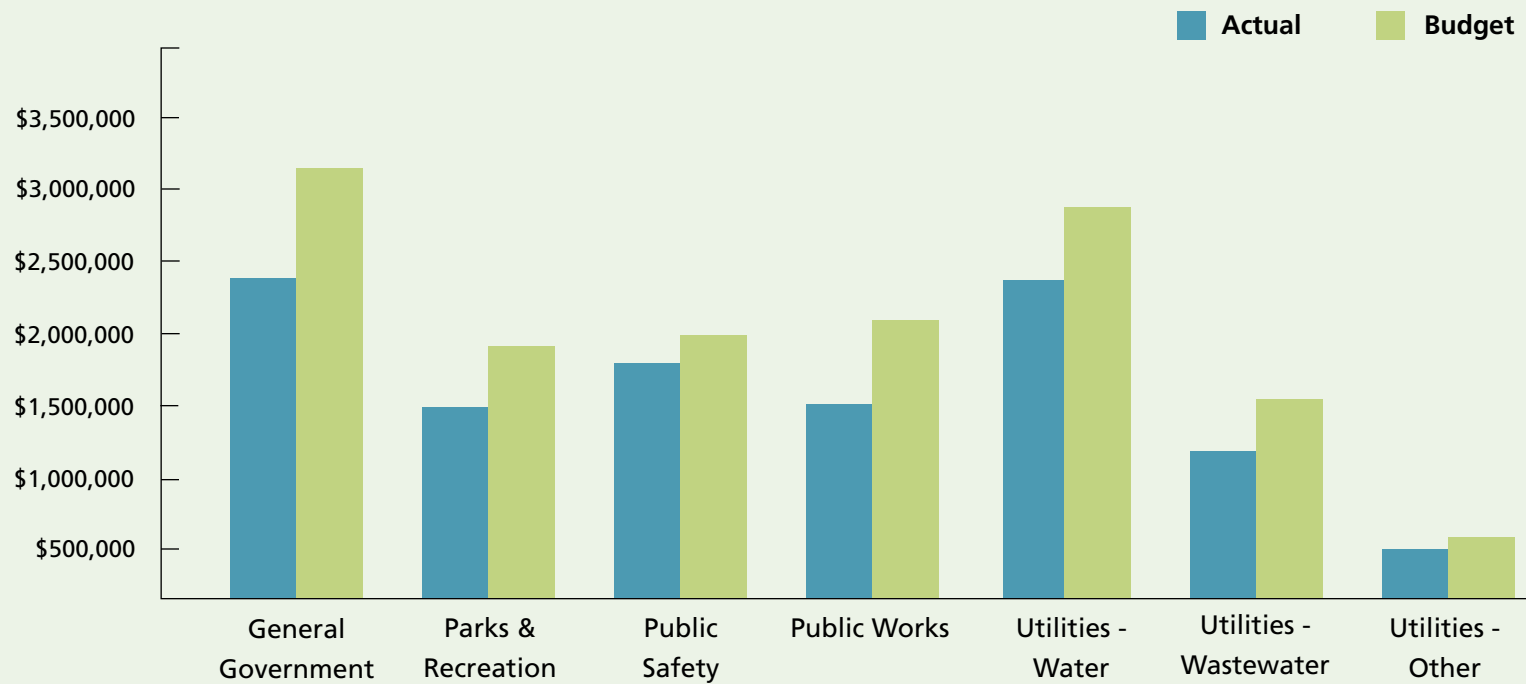
This chart illustrates the variety and percentage of the Town's sources of funding, including taxes, capital contributions, charges for services, licenses and fees and interest income. The Town's primary revenue source during 2007 is capital contributions, which includes the one-time payments of fees of tap and impact fees, which are used to finance the construction of capital improvements.

REVENUE BY SOURCE



Expenses - Budget Versus Actual

This chart presents information for the Town's operating expense categories. The chart indicates the Town spent less than budgeted in all operating expense categories. The difference represents an increase in ending fund balance in 2007.



This schedule is prepared using a budgetary or cash basis of accounting. This is a summarized version of the more detailed schedule of revenues, expenditures and changes in fund balances – actual and budget found in the Town's complete Comprehensive Annual Financial Report. Capital Outlay and Debt Service expense categories are excluded from this chart.

Debt & Financial Ratings

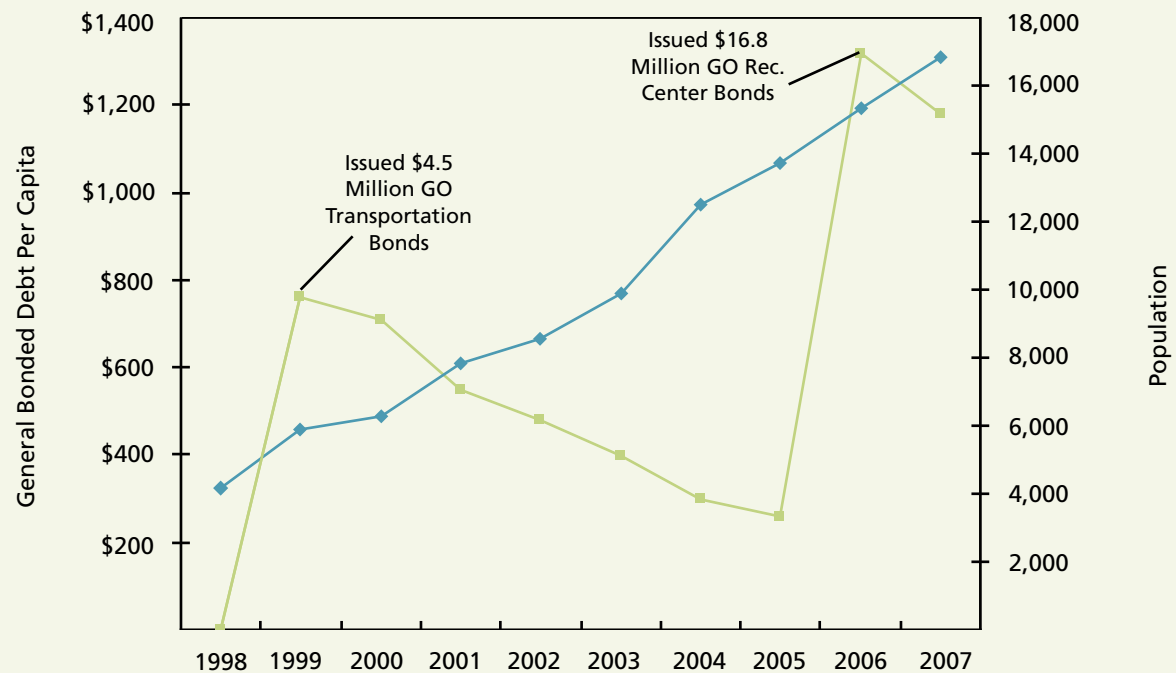
WHAT THEY'RE SAYING

"The A1 rating reflects the Town's favorable wealth indicies, a modest yet rapidly growing tax base, and well managed financial operations."

- Moody's Investor Services,
July 2006

As of December 31, 2007, the Town had two outstanding general obligation bonds totaling \$19.9 million, four water revenue bonds issues totaling \$39.7 million, three wastewater revenue bond issues totaling \$2.5 million, and three other loans related to storm drainage and the Erie Housing Authority totaling \$1.3 million. Additionally, the Town has \$30 million in outstanding Certificate of Participation, which the Town used to purchase raw water rights in 2005.

The Town's underlying general obligation (GO) bond rating reflects the Town's continued strong financial performance. The Town received its first underlying GO bond rating in 2006: A1 rating from Moody's and A+ from Standard and Poor's. The Town received an underlying rating of A3 from Moody's on its water revenue bonds issued during 2007. Moody's defines an "A" rating as obligations that are considered upper-medium grade and subject to low credit risk.

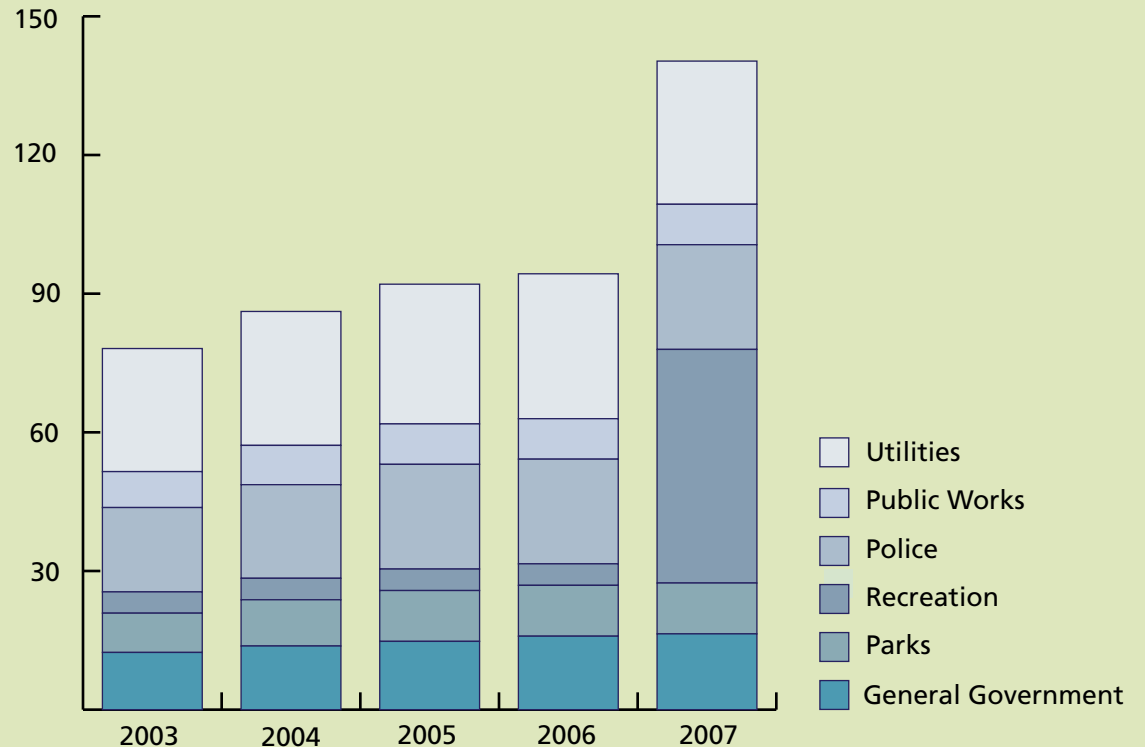


Employee Salaries & Benefits

The Town conducts a market analysis of comparable jobs to update the pay plan on an annual basis. In 2007, the Town adopted an across the board pay plan increase of 3.51% based on the market analysis. Employees are also eligible for a potential merit increase of 2.5%, on average, based on employee performance. Health insurance costs did not increase substantially due to negotiations with the vendors. On average, the Town contributes 74 percent of the health care premium and employees pay 26 percent, comparable with other local municipalities. The costs for other employee benefits, including life and disability insurance remained the same in 2007.

During 2007, the Town added a new department to the organizational structure. The Parks and Recreation Department was created by merging the Parks Maintenance division from Public Works with the Recreation division from Administration. The Parks and Recreation Department is responsible for maintaining parks and creating recreational opportunities in Erie. The newest recreational opportunity opened in December, the Erie Community Center. The ECC added 75 staff members during the last two months of 2007 and increased the Town's total full-time equivalents (FTE) by 45.

Number of Full-Time Equivalent (FTE) Employees by Function



Awards



American Planning Association's Outstanding Planning Project Award - 2007

Comprehensive Plan Update/Unified Development Code

American Council of Engineering Companies Engineering Excellence Award - 2007

Water Treatment Facility Expansion Project

Governor's Award for Downtown Excellence - 2006

Concerts in the Park Series

State Treasurer's Award for Excellence in Financial Management - 2006

GFOA Distinguished Budget Presentation Award - 2004, 2005, 2006, 2007

GFOA Award for Excellence in Financial Reporting - 2004, 2005, 2006

Colorado Construction Silver Hat Award - 2005

Water Treatment Facility Expansion Project

APWA Utility, Drainage & Environmental Award - 2005

Water Treatment Facility Expansion Project

APWA Public Works Project Award - 2005

Tree Planting Initiative

Home Builder's Association of Metropolitan Denver Parade of Homes - 2004

AIRPORT: 303-664-0633 or 303-926-2870

BOARDS & COMMISSIONS: 303-926-2731

COMMUNITY:

Cemetery (Mt. Pleasant): 303-926-2770

Citizens Police Academy: 303-926-2800

Erie Community Center: 303-926-2550

Erie Community Library: 720-685-5200

Neighborhood Watch: 303-926-2800

DEPARTMENTS:

Administration: 303-926-2710

Community Development: 303-926-2770

Finance: 303-926-2700

Parks & Recreation: 303-926-2790

Parks: 303-926-2887

Recreation: 303-926-2550

Police: 303-926-2800

Public Works: 303-926-2870

ECONOMIC DEVELOPMENT:

Business Assistance: 303-926-2764

EMERGENCY SERVICES:

Emergency: 911

Poison Control: 1-800-222-1222

Police Dispatch Non-Emergency: 303-441-4444

Fire Department Non-Emergency: 303-772-0710

Police Department Administration: 303-926-2800

Emergency Preparedness: 303-926-2764

EMPLOYMENT / HUMAN RESOURCES:

303-926-2745

INFORMATION RESOURCES:

Erie Government TV & Website: 303-926-2761

Public Information & Media Liaison: 303-926-2764

Public Records: 303-926-2731

Website: www.erieco.gov

PARKS & RECREATION:

Active Adults 60+ Program: 303-926-2795

Erie Community Center: 303-926-2550

Parks: 303-926-2887

Recreation: 303-926-2550

PERMITS & LICENSES:

Building Inspections & Permits: 303-926-2780

Business/Home Occupation License:

303-926-2731

Dog Licensing: 303-926-2700

Special Events Permit: 303-926-2731

PLANNING & ZONING:

Community Development Department:

303-926-2770

POLICE & COURTS:

Code Enforcement: 303-926-2800

Municipal Court: 303-926-2851

Police Department Administration: 303-926-2800

Police Records: 303-926-2800

VOTER REGISTRATION & ELECTION INFORMATION:

Town Clerk: 303-926-2731

WATER & WASTEWATER:

Utility Billing: 303-926-2752

Water Reclamation Facility: 303-926-2895

Water Treatment Facility: 303-926-2860

The purpose of the Popular Annual Financial Report is to provide an overview of the financial position and operations of the Town of Erie, as reported in the Town's Comprehensive Annual Financial Report (CAFR), along with other information of interest. The financial information presented here is in summarized and condensed form, and does not substitute for the Town's CAFR. The CAFR outlines the Town's financial position and operating activities each year presented in conformity with generally accepted accounting principles. The Popular Annual Financial Report does not conform to generally accepted accounting principles and associated standards as set forth by the applicable governing bodies, but is suitable for those readers who prefer an overview or summary of the Town government and its financial condition. Some of the information is from the Town's Annual Budget. Both the Town's CAFR and Annual Budget have received awards for outstanding financial reporting from the Government Finance Officers Association. The CAFR, Annual Budget and Annual Report are available at Town Hall and the Town's website www.erieco.gov.



Town of Erie, Colorado

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